

'South Australia - India Investment Dinner'
Tuesday, 24 January 2012
Raymond Spencer

I am delighted to be asked to speak tonight.

The Premier has allowed me the privilege of Chairing South Australia's Economic Development Board. The purpose of the Economic Development Board is to maximise the value of emerging economic opportunities for South Australia, ensuring the State is recognised as the most competitive place in Australia in which to invest and grow a business.

The role of this independent board is to:

1. Advise the Government of the day on what is needed to maximize economic development, and identify what needs fixing, changing or improving;
2. Champion processes that make South Australia the most competitive place to do business;
3. Promote the South Australian story, advocating the benefits of South Australia's economic growth across the community, Australia, and the world; and
4. Lead taskforces in strategic areas of highest impact which will develop specific recommendations to the Government.

I know that our State's participation in the global economy is essential to securing our economic success. I know also that our links with India, on the path to becoming the world's third largest economy within the next two decades, must be central to this.

But I also have direct, personal reasons for wanting to contribute to our joint efforts for the program this week. In my earlier career, I lived and worked for six years in India during the most formative years of my adulthood. My focus then was to spearhead projects focused on India's rural and community development. I engaged with Indians at all levels from the villages where I lived for some time to the leadership of India's largest corporations with whom I worked and became friends.

In my subsequent career, I built a global IT consulting business which had over 80% of our nearly 8,000 staff in India. Our company's footprint in India was critical to our success.

I have done business with and in India over four decades. Someone asked me yesterday how many times I have been back to India after I lived there and I said I did not know but I later thought about it and it is certainly over 150 times. I have invested time, effort and a significant proportion of my life to India and I have learned so much from my experiences in India and gained

so much from the personal relationships I have formed. I see India as a second home. I celebrate India's economic rise. I believe strongly that India and South Australia can and should support each others' prosperity. I intend to play my part in helping make that happen.

I cannot address you this evening without mention of the current contest at the Adelaide Oval just across the Torrens River. There are many ties that join our two nations: economic, social and cultural. Our shared passion for cricket is high among these. I know personally that the number of SMS messages I get when our two nations are playing increases exponentially, although I have noticed a remarkable slow down in messages from my Indian friends over the last couple of weeks!

The fact that our two nations share a love of cricket and have representative teams at the highest level is not simply a reflection of a shared sporting heritage. It shows something deeper within our national spirits: a common appreciation of the aesthetics of the sport, which binds us together.

I am sure everyone is waiting with great anticipation for Sachin Tendulkar to achieve - as I'm sure he will - the remarkable feat of 100 international centuries. I am looking forward to joining you at the match tomorrow. Australian though I am, I hope to see this milestone achieved during the course of the current Test.

Yesterday, some of us here tonight took time to discuss the paths that must be taken to evolve economic relations between India and South Australia. I applaud the work being done to focus and clearly match India's and South Australia's mutual needs and assets and identify the best areas in India to focus on creating links that build on South Australia's many strengths, links that enable us to become a significant partner in India's economic growth, that enable South Australian companies to secure new opportunities in India, and Indian companies to do the same in our State - through both trade and investment.

We have many opportunities for growing India and South Australia's trade and investment relationship building on South Australia's industry strengths in areas like resources, cleantech, agriculture, high technology, health, education and services; by searching out trade and investment opportunities; by identifying and supporting potential Indian investors; and by supporting our exporters through awareness-raising and capability building.

Building even stronger bonds between our two countries at this time just makes good sense.

We share common legal and accounting practices and a healthy respect for protection of intellectual and property rights. We share the English language, although we each have our distinctive idioms that sometimes need translation! We share common business practices and each country has well educated and internationally experienced professionals and we each have a buoyant

economy that is attracting back to our respective homelands business people who have extensive experience working abroad.

Like all cross border relationships there are some success habits we must remember if we are to maximize the economic potential of our relationship.

Australians all too often try to compare doing business in India with doing business in China or here at home. They are all quite different. In India it takes time to get started in a business relationship. There will be frustrations experienced in the early days as you experience lots of hurdles, “no’s” and seeming indecision. But once you have demonstrated the resilience and determination to push through these barriers, a quality greatly valued in India, and business relationships are formed, they tend to be very deep, loyal and long lasting as demonstrated by the many international companies that have operated very profitably in India for many decades and even centuries. While Indian business people tend to be very good negotiators they are very fair and understand the need for all parties to be successful.

This loyalty also extends to personal relationships. I know that if I ended up in desperate straights there are at least 20 doors in India I could knock on and say “I’m home” and I would be welcomed back and treated as if I was family.

In China, things get started quickly and with efficiency but the depth of business or personal relationship I experience in India is much less likely to be attained.

And certainly the experience of visiting India and doing business in India is very different to South Australia and that difference needs to be embraced not compared judgmentally. The biggest mistake any Australian can make while visiting India is to spend time comparing what they see there to back home. India is India so affirm it as it is and enjoy it.

We are different and we each need to invest time and effort in understanding and being willing to learn about and adapt to each others culture and business mores.

In areas like communication we need to appreciate that Indians are more conceptual, after all India is where the concept of the zero comes from, and Indians place great value on the “what” and taking lots of time to discuss and analyse from all sides the what and the why. To Australians this may seem like endless discussion and procrastination but it is in fact a deep reflective process that leads to strong and durable decisions. Australians tend to be very implementation focused and want to get immediately to the decision and spell out “how” and “when” things should be done. Good decisions of course need a balance of both perspectives and by working openly together and valuing each other’s strengths we can forge unbeatable business teams.

Australians tend to be direct and open, Indians tend to be more subtle and indirect. Thus the art of understanding and flexing to each other’s communication styles is essential.

Our perceptions of time and space are different. In India time is very extended – it is not clock time but experiential or perceived time, punctuality being less important than showing up only when you are ready and not before. If you ask a person on the street how long it will take to walk to a certain place you will often be told “panch minutes or 5 minutes.” This does not necessarily mean 5 minutes of clock time but “not to long – you will make it soon – keep going.”

In India, inner space is more important than the privacy of ones external personal space which very blurred. This can be confronting to Australians.

We are both people who love to network so a lot of important business happens in informal situations. We both tend to be very welcoming of people to our homes and such invitations are highly valued. A lot of business in India is done at dinner parties, which tend to start after 9, are very vibrant and go late with dinner often being served around midnight so for the uninitiated Australian it is often wise to eat also before going out to a dinner party so that you have something to absorb the Scotch! For our Indian friends you might experience our dinner parties as more like a very late lunch!

Another thing we have in common is the respect for diversity. India has a deep and abiding tolerance for the “other” and we in Australia have affirmed the gift of diversity. Both Australia and India have incredible diversity and draw strength from that. This is a great asset for forming successful business relationships.

Frankly, I find doing business with India fairly straight forward and most enjoyable if you suspend comparative judgement, are open and honest, don't let the first few “no's” stop you and are willing to go with the flow. And I can assure you of the added benefit of forming many of the deepest and most meaningful friendships you will have in your life.

So why South Australia? What is the opportunity for Indian businesses here in South Australia, as trading partners and investors? I think the Premier laid out a very clear picture of the economic and social strengths of our State.

To summarise, on many levels South Australia is an affordable and highly cost-competitive environment for trade and business development. We are developing a broad-based economy, evolving from reliance on a traditional manufacturing and agriculture base by adding new value add industries and knowledge intensive services.

South Australia is home to some of the world's leading companies in the sectors of resources, defence, agriculture, food and wine, information and communications technology, bio-tech and automotive and leading academic and research institutions.

What do I see is the role for the Economic Development Board in supporting and driving our State's economic ties with India?

Primarily it is about ensuring the conditions are in place for economic success, that support both local businesses and overseas investors. Here are the areas that I see as crucial to this:

The first is securing international Investment. With the government's implementation of the Boards proposal to create *Invest in South Australia*, the State is now establishing a team of corporate and commercial investment experts, to attract investment to South Australia and help maximise the economic benefits from our major infrastructure projects. Invest in South Australia will become a key entry point into the State for major investors. The new team will actively seek out international investment, including India. At the same time, in order to make investing in South Australia as easy as possible, dedicated case managers are in place to ensure a single point of contact between investors and government on all aspects of an investment project. As you heard, this initiative is overseen by the EDB's deputy chair, Kevin Osborn.

Second, we need to optimise the rapid growth of the resources sector and use this to put in place a comprehensive economic and social framework that will sustain prosperity in this state. There is of course opportunity for increased direct investment of Indian companies in mining and the support offered by the States Department of Mines has been recognised internationally as best in the world.

Success in this area also rests heavily on being able to effectively capture many of the service and support demands of the expanded minerals industry here in South Australia. Here lie numerous opportunities to build strategic partnerships between local and Indian companies that not only do business in South Australia or export goods, expertise or services to India but also develop core competencies within the partnership that can lead to the export of goods and services globally.

Thirdly, the EDB is leading the debate and advocacy on the future of manufacturing in South Australia and the evolution of our manufacturing base up the value chain. Each job in manufacturing generates between 2 and 5 jobs in the rest of the economy. Manufacturing is the largest segment of world trade. It is the greatest user of industrial research and development and consumer of advanced services. Thus we need manufacturing to remain part of the international knowledge economy. The potential for Indian companies and joint ventures in this area should be explored by companies here and from India.

Fourthly, despite a tight fiscal position, we need to continue investment in infrastructure projects that meet rigorous evaluation standards and support high growth sectors of the South Australian economy such as bulk commodity ports, viable and reliable decarbonised power supply and transport infrastructure. There is a great opportunity to marry Indian capital and experience in some of these areas with Australian technology and domain knowledge.

The Board understands the challenge to ensure the skills are available to fully realise our future prospects. The pressures on the training system to meet the demands of new entrants and existing employees for new skills have been identified and the State is implementing a wide range of skills development programs. Priorities for skill development include:

- A focus on the basics such as Improving language, literacy, numeracy, communication and digital skills to better prepare all people for the 'new economy', which relies on better generic skills so that workers can more rapidly adapt to new demands.
- Attracting more students to Science, Technology, Engineering and Mathematics both in High School and in Universities
- A more responsive tertiary system with better partnership agreements between business and the vocational education and training institutions and universities.

I believe that the learning and development practices being developed in the TAFE and South Australian Universities will themselves be able to be exported to India to help it address its challenge of preparing over 120 million people to enter the urban workforce over the next 10 years.

Finally the EDB is strongly advocating continuing to implement policies and initiatives that reduce red tape, reduce time for planning approvals, improve the cost of living and implement a business package that makes doing business in SA unambiguously the best bet.

The opportunities for long-term economic co-operation between India and South Australia are there for us to seize. There are many opportunities for South Australian businesses to form partnerships with Indian companies to deliver world class products and services here, in India and internationally. Now is the time to move aggressively to make this happen.

I look forward to watching a hard-fought cricketing contest at the Adelaide Oval this week. I look forward even more to a productive dialogue between our Indian guests and their South Australian hosts in business and government, so that we continue to build the platform for our economic co-operation and joint success.

Thank you.